Previous references.

Gen. Fin 5 of 1891-2
No 4-9

Later references.

✓

1892-93
~~190~~

(General Finance)

G.T. 11/92

File No. ~~6 of 1892~~ 3

Serial Nos. 1-4

GENERAL AND REVENUE SECRETARIAT.

P-27
E

Serial Nos. 1-4

Part B. for

Cancelled
Kw
Surrender
11/

SUBJECT.

Proposal for raising the amount of the loan made to the Maharaja of Jeypore Spinning & Manufacturing Company to 4 lacs & receiving the terms of repayment

Table of Contents.

Sl. 1. No. - of 18th. March 1893. From Messrs Scott & Co. Agents of the Spinning & Weaving Co..

also that the rumours afloat that Govt would suddenly come upon the company for the payment of Rs 215900 due by them are dangerous to the Company & pleads for the Certain propositions for the convenient and regular discharge of the amount due.

2. No. 1556 of 22/3/1893, To the Agents of the Spinning & Weaving Co. Intimates the views of Govt on the propositions put forward by Messrs Scott & Co.

G. R. S. 58

3. No - of 25/3/93. From the same.

Pleads bills Satisfaction that the Govt are willing to

on the mill in the financial difficulties
proposes that they would pay interest every Six
months & a minimum of not less than Rs 150
Annually towards the principle

Sl. 4. No. 353 of 15th June 1893,

To Messrs Scott & Co, Agents of the
Mysore Spinning & Manufacturing Co.

States that the Govt. are willing to exclude from
the operation of the clause "immovable & moveable
properties" in the mortgage deed, yarn, cotton & cloth at
the mills" as it was never intended to include them in
the mortgage & that the Scheme of repayments proposed
seems to Govt. generally reasonable & makes some observation

THE RESIDENCY.

21/3/93

My dear Sir Schalen dyer

Mr. Scott has sent me a copy of his letter of 18th to you Chief Secretary

As the matter is important I hope you will give an early answer.

Is the Dunbar disposed to allow Representation of 2 lakhs & one of 4%

and let the Mill Co pay
it capital + interest by
annual sums during
15 years?

If this proposal does
not suit with Dunbar
state what easier terms
would be acceptable?

If Dunbar is
unwilling to alter
the terms of Existing

Umar please let me know
as then the repayment
of this loan must be
arranged for before I
leave Bombay on April 7
I am leaving
Bangalore on 27 March

Yours sincerely
Rekhi Kumar

Chris by
Thanks for
Give Ian
paper & which
I'd like at once
& return

(General Serial No. 30.)

1893

OFFICE OF THE
10537
18 MAR 93
G 4529

From Messrs Scott and Co.
The Maharaja of Mysore
Spinning & manufacturing Co Ld
To
Bangalore

106

Gl. Jri.
6 of 1892-3
Serial. 1

Dated 18th March

Despatched

Received

Enclosures No.

General No.

No.

Stating that the rumours afloat that Govt would suddenly come upon the Company for the payment of Rs 215900 due by them, are dangerous to the Company, and putting forth certain propositions for the convenient & regular discharge of the amount due.

G. Manager.
Submit with refce. to Chief Secy. (in open file) ?
MM
18/3/93

V. Naidoo
Some references were subd to the Chief Sey. Please refer to it (the main file is however in the D.R.O.)
MM 18/3 To be Subd to the Dewan
18/3/93

To The Same 15563
G 7305-92 G 22/3

G. C. P. Bangalore.—30-1-93.—5,000.

El. Fi. 6 of 1892-3 (11) 106.

Secret No 7 18th March

To.

The Chief Secretary
to The Govt of Mysore.
Bangalore.

Dear Sir

Regarding the Loan of 2 Lacs and 18000 advanced by the Government of Mysore on the first Mortgage of the Maharajah Mill.

There are rumours afloat in Bezwada that it is the intention of the Government to come down upon the Company suddenly for payment of the above Loan. We do not credit the same. Nevertheless, such rumours, although they may have no foundation whatever have the same effect as if they were true. Besides such a Rumour hanging over the head of a Commercial Institution whose Credit is the life and blood of the Company is exceedingly dangerous. And is so much so, that no Bank will back the Company in any way. The same applies to all other Suppliers such as Cotton Merchants &c whom the Company depends upon for Credit.

The Agents wish to see H. Excellency more than a year ago as well as inform him fully that the present Loan has perfectly answered, and if it was to be continued it [illegible]

14th March

&

have to be re-cast and put upon a sounder basis.

Many letters and propositions have been put before the Government within the last 12 months all requesting the Government to take up the question, and let us know what they are prepared to do.

We will feel extremely obliged if the Government will secure all or any of the propositions so now put before it which are as follows, with a view to allay the doubt which now exists in the public mind:-

1st - Is the Government prepared substitute a solid Loan of £ face of this including the present Loan of £9,000 for the purpose of liquidating existing debts inclusive of debentures - the interest £ & 6% per annum. If not 6% state per annum - that to be paid off by payments of one third of the profits - If not one third state how much.

2nd - If not, is the Government prepared to re-cast the present Loan and to continue it at 6% per annum. If not, state what rate. - Principal to be liquidated from

(4.)

The present rumours of the kind are now afloat which should be promptly extinguished.

It is needless to point out again that the present Loan is only 20% of the total value of the property as a working concern. Therefore it is for the Government to consider whether it is not justified in assisting and protecting a very large Industry in its own Territory, feeding 800 souls on a Security of 20% of its total value. Thus if the 1st proposition is accepted, it would have a property good value for 10 Lacs of Rupees as a working concern, against an advance of 4 Lacs, which is only 40% of the total value of the property.

We are informed that Government only receive 2% on the money from the Bank of Madras. This Company offers 4% with undoubted Security on either 1st or 2nd proposition.

Please put this letter before the Government, and as time is of the greatest importance to have this doubt removed, we trust you will lose no time in giving us a definite reply.—

We send Copy to Sir K. Shivhadri Iyer.

faithfully Yours.

Lott & Co
Agents.

Secretaries, Treasurers, and Agents.
S. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING
MANUFACTURING COMPANY LIMITED.

Bangalore, 18th March 1893.

126

To. The Chief Secretary
To The Dewan of Mysore,
Bangalore.

Dear Sir.

Regarding the Loan of 2 Lacs and 15000 advanced by the Government of Mysore on the first Mortgage of the Maharajah Mill.

There are rumours afloat in the Bazaar that it is the intention of the Government to come down upon the Company suddenly for the payment of the above Loan. We disclaim the same. Nevertheless, such rumours, altho' they may have no foundation whatever have the same effect as if they were true. Besides, such a rumour hanging over the head of a Commercial Institution wherein Credit is the life and blood of the Company is certainly very disastrous. Indeed so much so, that no Bank will touch the Company's Drafts. The same applies to all other dealings such as Cotton Merchants &c. whom the Company depends upon for Credit.

The Agents went to Sir K. Sheshadri Iyer more than a year ago as well as informed him verbally that the present Loan was perfectly unworkable, and if it was to be continued it was

JAS. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING & MANUFACTURING COMPANY LIMITED.

Bangalore, 18th March 1895.

2.

have to be re-cast and put upon a workable basis.

Many letters and propositions have been put before the Government within the last 12 months all requesting the Government to take up the question, and let us know what they are prepared to do.

We will feel extremely obliged if the Government will settle all or any of the propositions as now put before it, which are as follows, with a view to allay the doubt which now exists in the public mind:—

1st— Is the Government prepared to substitute a solid Loan of 4 Lacs of Rupees including the present Loan of Rs. 2,15,000 for the purpose of liquidating all existing Debts inclusive of Debentures.— The Interest to be 4% per annum. If not 4%, state rate required. Principal to be paid off by payments of one third of the Profits.— If not one third, state how much.

2nd— If not, is the Government prepared to re-cast the present Loan and to continue it as 4% per annum. If not, state the rate.— Principal to be liquidated by

Secretaries, Treasurers, and Agents:
SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING & MANUFACTURING COMPANY LIMITED.

Bangalore, 18th March 1893.

one third the (3) Profits.— If not shall amount of Profits required.

3d— Should the Government agree to the first proposition.— The Agents agree to relinquish their Agency Commission in favor of a Select Committee approved of by the Government. If first proposition not acceptable, but 2d acceptable, the Agents will reduce their Agency Commission from 3 pcs to 1½ pcs.

4th— Should first and second propositions not be acceptable, then we ask the Government to give us from 6 months to 2 years to enable us to pay off the present Government Loan by a lump sum, the Company paying Interest prompt but not principal until such time ~~first~~ the new Loan is effected.

The Agents put the latter question before Sir K. Sheshadri Iyer about a year ago, and he said he would consider the matter whether the Government would re-cast the present Loan, or give the Company time to get up a fresh Loan. To this we have received no answer as yet, we

Secretaries, Treasurers, and Agents.

S. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING & MANUFACTURING COMPANY LIMITED.

Bangalore, 18th March 1898.

(4)

The reason rumours of the kind are now afloat which should be promptly extinguished.

It is needless to point out again that the present Loan is only 20% of the total value of the property as a working concern. Therefore it is for the Government to consider whether it is, or not justified in assisting and protecting a very large Industry in its own Territory, feeding 800 souls on a security of 20% of its total value. And if the 1st proposition is accepted, it would have a property good value for 10 Lacs of Rupees as a working concern, against an advance of 4 Lacs, which is only 40% of the total value of the property.

We are informed that Government only receive 2% on its money from the Bank of Madras. This Company offers 4% with undoubted security on either 1st or 2nd proposition.

Please put this letter before the Government, and as time is of the greatest importance to have this doubt removed, we trust you will lose no time in giving us a definite reply.

We send Copy to Sir K. Sheshadri Iyer.

Faithfully Yours.

Scott & Co

Agents.

G.7 11-92-2

15563.

GOVERNMENT OF MYSORE

G_7.305-92 dt 22-3-93

despd: 23-3-93

Serial No. 2

Agents,
The Maharajas of Mysore
Spinning & Manufacturing
Company Ltd
Bangalore

To
Messrs Scott & Co.
(address in full)

Sirs

I am directed to refer to your letter of 18th March 1893.

2. There is of course no truth whatever in the Bazaar rumour to which you refer to the effect "that it is the intention of "the Govt to come down upon the Camps "suddenly for the payment of the loan "due to the Govt.

3. That the present loan is "perfectly unworkable", as you put it, is a fact which is due in a great measure to your own actions in the matter of your Commission. When the present arrangements for the repayment of the loan were entered into it was your deliberate opinion that they were perfectly workable, and the Govt are not a little surprised to find you now assume a tone which would almost imply that the unworkable character of the loan arrangements was a thing for which the Govt were responsible.

4. I am to refer now to the four propositions put forward in

your letter under acknowledgment

1st- The Govt. Cannot increase your loan & fees as desired

2d Govt- Cannot reduce the rate of interest on present amount of loan to 4%- or to agree to repayment ~~deduction~~ of principal from 1/3d- or any other share of the annual Profits of the Mill - If the Comps Can place before the Govt a definite Scheme of repayment ~~Specifying the~~ Specifying the amounts to be repaid on particular Specified dates the same will be Considered in a liberal Spirit & in a way Calculated to enable the Mill to tide over its financial difficulties, without a needless Sacrifice of ~~to persons~~ interests of the Shareholders, provided however that those same

interests are duly regarded in any final arrangements in regard to the agents' Commission

3d. The Govt having answered as above your 1st & 2d proposals, the 3d requires no answer :-

4th. The Govt will give the Company a definite period to pay the Loan in one lump - But 6 mons & 24 mos which you name, is not such a definite period - If you Specify a definite period, & the Govt. Consider the same reasonable, they will at once agree to it, on the understanding that the interest is paid regularly & the principal in full on the due date -

5- You refer to your not having rec'd a reply from Sir K Sheshadri to your proposal desire for a recast of the present loan & his promise to consider the question. You however will also remember that he has invariably asked you first to place the Mill on a Sound financial footing & then place before the Govt a reasonable proposal - This has

6

not yet been done by you -
The Dewan will always be glad
to help the Mill ~~but~~ because
it is a local industry &
because he wishes the Share
holders to get some ~~decent~~ return
for their investment, but he
~~Can~~ must decline to entertain
~~favourably~~ any proposals not ~~based~~
~~to an other than~~ Consistent with Either
the Sound financial position of
The Mill ~~and~~ or its Capacity for
Earning Some ~~profit~~ Dividends
for the Shareholders —

Yours
Sincerely
22/3/93

9.711-92-3

(General Serial No. 30)

OFFICE OF THE
10870
27 MAR 93
1893. G 4868
DEWAN OF MYSORE

From. Messrs Scott and Co. for the Maharaja of Mysore Spinning and Manufacturing Co. Ltd Bangalore

To The Chief Secretary to the Dewan of Mysore.

Dated 25th March 93

Despatched

Received 27/3/93

Enclosures No.

General No.

No.

Noting with satisfaction that the government are willing to assist the Mill in its financial difficulties and proposing that they would pay interest every six month and a minimum of not less than Rs 15000 annually towards the principal

Submitted for orders.

The Dewan [illegible] Jamson for the 27/3 delay occasioned by this

References to be marked.

The Same

Camp No: 353 9/3/93

Secret No. 8

Draft ltr for approval

Not certain, yet to I am willing to be excluded but that be excluded from the mortgage. It never intended to exclude it to exclude it as for the Scheme of repayments proposed I think it reasonable but I must reserve the final decision pending the result of certain arrangements which Mr. Scott has made contemplation in connection with Mr Alcock of Bombay

21/3

21/5/93

Mysore Govt. C. Press, Bangalore.—30-6-92—3000.

25th March

(14)

To Ananda Rao Esq
Chief Secretary.
To The Honble [redacted] Esqrs.
[redacted]

Hon'ble Sirs,

I have the [redacted] of yr! Proceedings

Nº 1 We are glad to hear that there is no doubt originating in the Bogwa persons appointed to act [illegible] under oath.

2d— The present Town is unworthy. The moment I arrived from England I spoke that out to my representative. I was not present in this Country when the Agreement was drawn up. It was done by the Directors and my representative, Mr Shapurji Burjorji of Bombay, for which I am responsible. At the same time it was no act of mine.

3d— We note you cannot increase the Town Thanjore, that is ended.

We observe the Government cannot reduce the present interest to 4%— We must

25th January

(2)

Each Mint Plan in the hands of the Government and ask for 5%, and if not [redacted] %, he must abide by 6%.

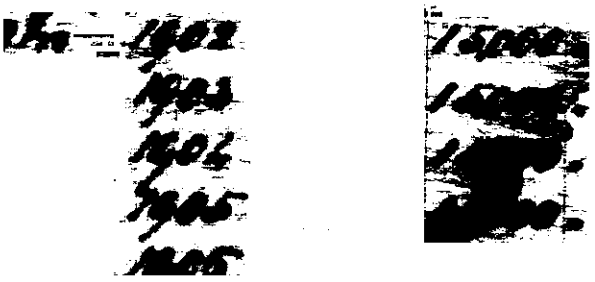
We notice the Y.C. [redacted] is willing to deal liberally with the Company. This is consolation, as we are well aware it cannot secure money elsewhere even at 6%. Therefore he put ourselves [redacted] in the hands, as you state you are willing to come and willing to assist. We shall be glad to do financial difficulties.

We now come to a definite proposal, as desired by the Government, for the payment of Principal; and if not acceptable, we ask the Government to modify it: making it as easy as possible for the Company.

1st. Interest payable every six months.

2nd. A minimum of not less than £45000 to be paid towards Principal

On 1896 ——— £15000
" 1897 ——— 15000
" 1898 ——— 15000
" 1899 ——— 15000
" 1900 ——— 15000
" 1901 ——— 15000
" 1902 ——— 15000



It is proposed by Mess. Jardine Matheson & Co. that the Company should form a Reserve Fund, styled "Reserve for Liquidation of Imperial Government Loan of £ Taels" to be created, and handing over to the Company to keep up this Reserve until the date of repayment in 1906, and to be shown in every Balance Sheet.

Such a Scheme as this would give great strength and stability to the Company, which would be used as working Capital only, and which would save a very large sum on dividends.

If the Government is well advised and assured, as I think this will be acceptable: And if not, modify accordingly.

6th. The Agents (Messrs. Scott & Co.) in this port, are willing to concede half this Commission. That is, instead of 2½% this Commission to receive 1¼% only. The Company paying Guaranteed Dividends for the 5 years out of the R. Quarterly.

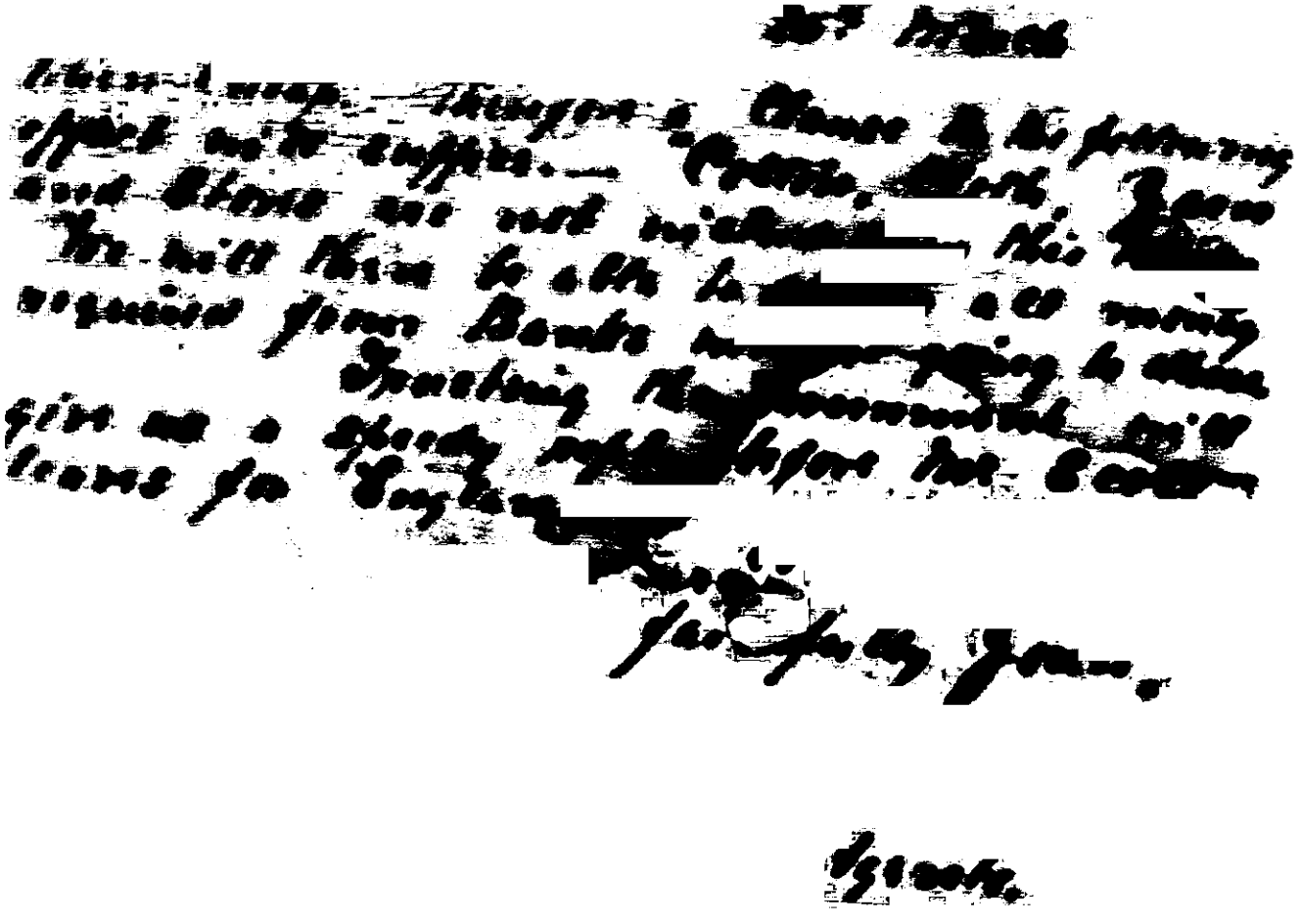
Unrevoked Shareholders may be warned to cancel. If not, there are only [illegible] to sue on Eyre Shaw. The Agents [illegible] the other £30 Shares some years ago [illegible] concerning this liability.

7th Mr. M[illegible]son of the Bengal Bank is to act as [illegible] pro tem. He is intimate with the native languages and knows Calcutta well, as well as Eyre.

8th The Government should know the reason the Company was not able to get Banking Capital from the Bank of India and others on security of Jaun, Coton and Cloth at the Mills. It was [illegible] an objectionable Clause in the Mortgage Deed, an error, we doubt, and which was not noticed. At the same time, it had the fatal effect of preventing us from getting cheap money.

The words in the Deed are immovable and movable property: whereas it should read "immovable and movable Mill Machinery."

Of course there is the Schedule of the property attached to the Deed wherein no Stock is mentioned: but it will be as well to make it very clear for Banking purposes, as the Company should be able to lay in large Stocks of Cloth



Secretaries, Treasurers, and Agents:
JAS. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING & MANUFACTURING COMPANY LIMITED.

Rec'd 25

Bangalore, 25th March 189

T. Ananda Rao Esq.
Chief Secretary.
To The Diwan of Mysore.
Bangalore.

Dear Sir,

Your letter No. 1562 dt 22nd March/93.

1st We are glad to hear that there is no work whatever in the Bagoor pannus agreed to is now under reply.

2nd The present Loan is unworkable. The moment I arrived from England I felt that not be my representative. I was not present in this country when the Agreement was drawn up. It was done by the Directors and my representative, Mr Shapoorjee Burjorjee of Bombay, for which I am responsible. At the same time it was no act of mine.

3rd We note you cannot increase the Loan. Therefore, that is ended.

4th We observe the Government cannot reduce the present interest to 4%. We must

Secretaries, Treasurers, and Agents.

JAS. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING & MANUFACTURING COMPANY LIMITED.

Bangalore, 25th March 1893.

(2.)

loan that item in the hands of the Government and ask for 5%, and if not 5%, we must abide by 6%

We notice the Government is willing to deal liberally with the Company. This is consolation, as we are well aware we cannot secure money elsewhere even at 6%. Therefore we put ourselves in your hands, as you state you are anxious and willing to assist the Mill to tide over its financial difficulties.

5th We now come to a definite proposal, as desired by the Government, for the payment of Principal; and if not acceptable, we ask the Government to modify it: making it as easy as possible for the Company.

1st Interest payable every six months.

2nd A minimum of not less than Rs. 15,000/- to be paid towards Principal.

On 1894	Rs. 15000..
" 1895	15000..
" 1896	15000..
" 1897	15000..
" 1898	15000..
" 1899	15000..
" 1900	15000..
" 1901	15000..

Secretaries, Treasurers, and Agents:
JAS. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING & MANUFACTURING COMPANY LIMITED.

Bangalore, 26th March 1902.

On	1902	Rs 15000..
"	1903	15000..
"	1904	15000..
"	1905	15000..
"	1906	20000..

It is proposed that these yearly payments should form a Reserve Fund, styled Reserve for Liquidating the Mysore Government Loan of 2 Lacs of Rupees in 13 years, and binding on the Company to keep up this Reserve until the date of repayment in 1906, and to be shown in every Balance Sheet.

Such a Scheme as this would give great strength and stability to the Company, which would be used as working Capital only, and which would save a very large sum in Interest.

As the Government is well covered and secured, we trust this will be acceptable: and if not modify accordingly.

6. The Agents (Messrs Scott & Co.) on their part, are willing to concede half their Commission. That is, instead of 5 per Cent to receive 2½ per Cent only. The Company paying Guaranteed Dividends for the 5 years out of the 12 unexpired. Or on the other hand, the

Secretaries, Treasurers, and Agents:
JAS. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING & MANUFACTURING COMPANY LIMITED.

Bangalore, 25th March 1893.

4. Unannotated Shareholders may be induced to cancel. If not, there are only 5 Shares to serve on 575 Shares. The Agents purchased the other 420 Shares some years ago, thus lessening their liability.

5th Mr M. H. Walker of the Bengal Bank is to act as Mr Scott's representative. He is intimate with the native languages and knows Commerce well, as well as Yes.

6th The Government should know the reason the Company was not able to get Working Capital from the Bank of Madras and others on Security of Yarn, Cotton and Cloth at the Mills. It was owing to an objectionable Clause in the Mortgage Deed; an error, no doubt, and which was not witnessed. At the same time it had the fatal effect of preventing us from getting cheap money.

The words in the Deed are "immovable and movable property"; whereas it should read "immovable and movable Mill Machinery".

Of course there is the Schedule of the property attached to the Deed wherein no Stock is mentioned: but it will be as well to make it very clear for Banking purposes, as the Company should be able to lay in large Stocks of Cotton

Secretaries, Treasurers, and Agents:

JAS. SCOTT & CO.

THE MAHARAJAH OF MYSORE SPINNING MANUFACTURING COMPANY LIMITED.

Bangalore, 25th March 189

&c.

when check. Therefore a Clause to the following effect will be suffice.— "Cotton, Cloth, Yarn and Stores are not included in this mortgage"

We will then be able to obtain all money required from Banks without going to others.

Trusting the Government will give us a speedy reply before the Boat leaves for England.

We are

faithfully Yours.

J. Scott & Co

Agents.

Duplicate
Via Jaffna

22nd March 93

To
The Chief Secretary
To the Govt of Mysore
Bangalore

Dear Sir

Insurance Policies

We are in receipt of your letter No. dated 20th March/93 and are very surprised to learn that you term our letter of 2nd instant as "very vague".

We gave all the information that we possibly could that date. We told you also that the whole of the Policies have re-matured and it would take months to do so, as reference had to be made to England.

Probably you are not aware that there are over 20 Policies in number which mature at all times and seasons of the year. To correct this, and save numerous trouble, we have ordered the whole of the Policies to be re-cast and made payable at one time, in November every year. Hence the cause of this delay and trouble in re-casting.

The whole of the property is insured for Rs. 1,50,000 as per Atlas Assurance Co's letter March/93, and as per copy of our letter

22nd March

(2.)

Of 18th Instant covering Cheque for £1000-3-4 which is the last amount of Premium payable. We have paid all Premiums now to date, and there are no others to pay until November next.

Note also letter from Atlas Assurance Co of 15th March acknowledging Cheque for £[illegible], also letter of 5th March acknowledging Cheque for £500. We also enclose you Policy of Insurance for £1.10.000, which please return with other enclosures after perusal.

From the above you will observe we have done all in our power to hasten on the Policies. Bangalore is 800 miles from Bombay and we can only write and press them forward which we have been doing daily. Therefore we do not see why we are to blame in the matter.

It would be much better if your debt is now reduced to £2.15.000 to settle a stated sum as ample cover for your Loan, which would be £2.50.000.

If you settle upon this method, he will have this amount of Premium put to your possession, and if you choose, instead of paying the Premium direct, we will make a bargain by you, and then you can remit

22nd March

My money Securities Have removing all the
late correspondence on the matter.

If you will put this before the
Government at once, before the Policies
re-cast he will have £2,500 put in the
name of the Ingram Government, and the
Policies for the £2,500 will always be
in your own hands. — This will be made
quite satisfactory to all parties.

Faithfully Yours.

J. Scott & Co
Agents.

Enclosures

Policy of Insurance (with Specification
attached) No. 95546 Atlas Assurance
Company for £1,000.

Letters from the Atlas Assurance Company
Bombay of 6th, 8th, 9th and 16th March /43
respectively

N.B. The Office letter to the Atlas
Company of 18th March /43

Ly. 7.11.92 — 64 — 13 Sept

Camp No 353
Dt. Mysore 15th June 1893
Recd — " — " — —
Serial No 4.

Messrs Scott Mc:
Agents. The Maharaja of
Mysore Spinning &
Manufacturing Co: Ltd
Bangalore.

Sirs.

I am directed to reply to your letter of the 25th March 1893 as follows

2. The Govt: are willing to exclude from the operation of the Clause "immoveable & moveable properties" in the mortgage deed, "yarn cotton & cloth at the mills", as it was never intended to include them in the mortgage

3. The scheme of repayment proposed by you seems to the Govt: to be generally reasonable but they reserve the

Yes

final decision on the
point, pending the
result of certain
arrangements which
they understand Mr.
Scott has under
~~consultation~~ contemplation
in consultation with
Mr. Alcock of Hamburg.

Chief Secretary

I remember
the Jonas
& show file
after June 1
this draft